

Kenanga Investment Bank Berhad
(Company No. 197301002193 (15678-H))

Unaudited Condensed Interim Financial Statements
31 December 2022

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

<u>Group</u>	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and bank balances	A11	1,732,786	1,897,384
Financial assets at fair value through profit or loss ("FVTPL")	A12	322,139	387,322
Financial investments at fair value through other comprehensive income ("FVOCI")	A13 (i)	319,173	737,574
Financial investments at amortised cost ("AC")	A13 (ii)	449,114	213,660
Derivative financial assets	B11	85,217	81,453
Loans, advances and financing	A14	1,690,475	1,775,413
Balances due from clients and brokers	A15	427,638	334,465
Other assets	A16	183,753	238,822
Statutory deposit with Bank Negara Malaysia	A17	58,403	50,868
Tax recoverable		31,819	38,807
Investment in associates		99,683	87,171
Investment in joint ventures		26,569	31,969
Property, plant and equipment		156,221	163,475
Intangible assets		329,219	331,061
Right-of-use assets		24,964	18,473
Deferred tax assets		25,184	30,605
TOTAL ASSETS		5,962,357	6,418,522
LIABILITIES			
Deposits from customers	A18	3,161,078	3,137,278
Deposits and placements of banks and other financial institutions	A19	415,359	652,862
Balances due to clients and brokers		732,709	665,968
Derivative financial liabilities	B11	16,496	28,760
Other liabilities	A20	367,258	573,699
Borrowings	A21	206,000	244,700
Lease liabilities		25,324	18,829
Provision for taxation and zakat		15,245	41,396
Deferred tax liabilities		64	-
TOTAL LIABILITIES		4,939,533	5,363,492

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

<u>Group (cont'd.)</u>	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(13,538)	(13,064)
Reserves		776,984	809,559
		<u>1,017,280</u>	<u>1,050,329</u>
Non-controlling Interests		5,544	4,701
TOTAL EQUITY		<u>1,022,824</u>	<u>1,055,030</u>
TOTAL LIABILITIES AND SHAREHOLDERS'			
EQUITY			
		<u>5,962,357</u>	<u>6,418,522</u>
Commitments and contingencies	A29	<u>4,298,476</u>	<u>4,534,285</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>1.41</u>	<u>1.45</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

<u>Bank</u>	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and bank balances	A11	1,262,925	1,459,156
Financial assets at FVTPL	A12	324,626	386,367
Financial investments at FVOCI	A13 (i)	319,173	737,574
Financial investments at AC	A13 (ii)	449,114	213,660
Derivative financial assets	B11	85,217	81,453
Loans, advances and financing	A14	1,703,510	1,749,615
Balances due from clients and brokers	A15	427,477	334,370
Other assets	A16	125,433	137,929
Statutory deposit with Bank Negara Malaysia	A17	58,403	50,868
Tax recoverable		13,850	27,402
Investment in subsidiaries		60,812	60,812
Investment in an associate		68,435	68,435
Investment in joint ventures		41,550	40,000
Property, plant and equipment		151,029	159,624
Intangible assets		331,132	331,986
Right-of-use assets		20,540	15,204
Deferred tax assets		12,966	15,219
TOTAL ASSETS		5,456,192	5,869,674
LIABILITIES			
Deposits from customers	A18	3,299,305	3,250,600
Deposits and placements of banks and other financial institutions	A19	415,359	652,862
Balances due to clients and brokers		262,976	265,296
Derivative financial liabilities	B11	16,496	28,760
Other liabilities	A20	248,727	384,161
Borrowings	A21	188,500	204,700
Lease liabilities		20,757	15,473
Provision for taxation and zakat		291	26,472
TOTAL LIABILITIES		4,452,411	4,828,324

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

<u>Bank (cont'd.)</u>	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
EQUITY			
Share capital		253,834	253,834
Treasury shares		(13,538)	(13,064)
Reserves		763,485	800,580
TOTAL EQUITY		<u>1,003,781</u>	<u>1,041,350</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>5,456,192</u>	<u>5,869,674</u>
Commitments and contingencies	A29	<u>4,412,160</u>	<u>4,637,316</u>
Net assets per share (RM)		<u>1.39</u>	<u>1.44</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2022	3 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A22	59,952	53,102	222,539	210,372
Interest expense	A23	(34,900)	(25,336)	(112,813)	(99,561)
Net interest income		25,052	27,766	109,726	110,811
Net income from Islamic banking business	A34	4,471	4,923	15,201	16,828
Other operating income	A24	113,552	165,530	485,348	656,881
Net income		143,075	198,219	610,275	784,520
Other operating expenses	A25	(131,239)	(157,754)	(533,173)	(648,490)
Operating profit		11,836	40,465	77,102	136,030
Credit loss reversal/(expense)	A26	1,227	(2,700)	(3,923)	(1,900)
Bad debts recovered	A27	37	121	119	513
		13,100	37,886	73,298	134,643
Share of results of associates and joint ventures		1,902	3,758	852	13,593
Profit before taxation and zakat		15,002	41,644	74,150	148,236
Taxation and zakat	B5	(935)	(9,336)	(18,796)	(29,421)
Profit for the period/year		14,067	32,308	55,354	118,815
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		-	-	(167)	(529)
Share of other comprehensive (loss)/income in associates		(3,232)	(4,791)	57	6,103
Income tax relating to the fair value loss on equity instruments		-	-	40	127
Other comprehensive (loss)/income carried forward		(3,232)	(4,791)	(70)	5,701

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2022 RM'000	3 months ended 31 December 2021 RM'000	12 months ended 31 December 2022 RM'000	12 months ended 31 December 2021 RM'000
Group					
Other comprehensive (loss)/income brought forward		(3,232)	(4,791)	(70)	5,701
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange differences on consolidation		(4,885)	(314)	4,871	2,648
Net gain/(loss) on fair value changes of debt instrument at FVOCI		4,410	(2,744)	(9,242)	(18,614)
Income tax relating to fair value gain/loss on debt instruments		(964)	659	2,313	4,394
Other comprehensive loss for the period/year, net of tax		<u>(4,671)</u>	<u>(7,190)</u>	<u>(2,128)</u>	<u>(5,871)</u>
Total comprehensive income for the period/year, net of tax		<u>9,396</u>	<u>25,118</u>	<u>53,226</u>	<u>112,944</u>
Profit for the period/year attributable to:					
Equity holders of the Bank		13,855	32,217	54,511	118,390
Non-controlling interests		212	91	843	425
		<u>14,067</u>	<u>32,308</u>	<u>55,354</u>	<u>118,815</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		9,184	25,028	52,383	112,519
Non-controlling interests		212	90	843	425
		<u>9,396</u>	<u>25,118</u>	<u>53,226</u>	<u>112,944</u>
Earnings per share					
Basic (sen)	B8	1.92	4.42	7.50	16.29
Fully diluted (sen)	B8	1.92	4.42	7.46	15.94

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended 31 December 2022 RM'000	3 months ended 31 December 2021 RM'000	12 months ended 31 December 2022 RM'000	12 months ended 31 December 2021 RM'000
Bank					
Interest income	A22	57,015	51,362	213,364	204,444
Interest expense	A23	(39,623)	(28,069)	(127,531)	(110,249)
Net interest income		17,392	23,293	85,833	94,195
Net income from Islamic banking business	A34	4,471	4,923	15,201	16,828
Other operating income	A24	114,957	121,215	298,247	492,654
Net income		136,820	149,431	399,281	603,677
Other operating expenses	A25	(90,423)	(105,791)	(343,661)	(484,741)
Operating profit		46,397	43,640	55,620	118,936
Credit loss reversal/(expense)	A26	7,869	(2,606)	2,551	(1,935)
Bad debts recovered	A27	37	121	119	543
Reversal of impairment loss on investment in an associate		-	12,200	-	12,200
Impairment loss on investment in a subsidiary		-	(9,323)	-	(9,323)
Profit before taxation and zakat		54,303	44,032	58,290	120,421
Taxation and zakat		(1,422)	(6,164)	(3,371)	(25,605)
Profit for the period/year		52,881	37,868	54,919	94,816
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments at FVOCI		-	-	(167)	(529)
Income tax relating to the fair value loss on equity instruments		-	-	40	127
Other comprehensive loss carried forward		-	-	(127)	(402)

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197301002193 (15678-H)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>12 months ended</u>	<u>12 months ended</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Note	RM'000	RM'000	RM'000	RM'000
Bank				
Other comprehensive loss brought forward	-	-	(127)	(402)
Items that will be reclassified subsequently to profit or loss:				
Net gain/(loss) on fair value changes of debt instruments at FVOCI	4,410	(2,744)	(9,242)	(18,614)
Income tax relating to fair value gain/loss on debt instruments	(964)	659	2,313	4,394
Other comprehensive income/(loss) for the period/year, net of tax	<u>3,446</u>	<u>(2,085)</u>	<u>(7,056)</u>	<u>(14,622)</u>
Total comprehensive income for the period/year, net of tax	<u><u>56,327</u></u>	<u><u>35,783</u></u>	<u><u>47,863</u></u>	<u><u>80,194</u></u>

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Non- Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	253,834	2,809	6,590	18,921	19,204	88,938	(13,064)	673,097	4,701	1,055,030
Net profit for the financial year	-	-	-	-	-	-	-	54,511	843	55,354
Share of other comprehensive (loss)/income of associates	-	-	(10,456)	-	-	-	-	10,513	-	57
Other comprehensive (loss)/income	-	-	(7,056)	-	4,871	-	-	-	-	(2,185)
Total comprehensive (loss)/income	-	-	(17,512)	-	4,871	-	-	65,024	843	53,226
Share based payment under Employees' Share Scheme ("ESS")	-	407	-	-	-	-	-	-	-	407
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	15,972	(8,305)	-	7,667
Buy-back of shares	-	-	-	-	-	-	(16,446)	-	-	(16,446)
Transfer from regulatory reserve	-	-	-	(1,729)	-	-	-	1,729	-	-
Transfer to retained profits	-	(1,422)	-	-	-	-	-	1,422	-	-
Dividend paid	-	-	-	-	-	-	-	(77,060)	-	(77,060)
At 31 December 2022	253,834	1,794	(10,922)	17,192	24,075	88,938	(13,538)	655,907	5,544	1,022,824

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Non-Distributable						Distributable		Non-Controlling Interest	Total Equity
	Ordinary Shares	ESS Reserve	Fair Value Reserve	Regulatory Reserve	Exchange Reserve	Capital Reserve	Treasury Shares	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	246,249	6,144	15,916	18,661	16,556	88,938	(10,458)	617,832	5,103	1,004,941
Net profit for the financial year	-	-	-	-	-	-	-	118,390	425	118,815
Share of other comprehensive income of associates	-	-	5,296	-	-	-	-	807	-	6,103
Other comprehensive (loss)/income	-	-	(14,622)	-	2,648	-	-	-	-	(11,974)
Total comprehensive (loss)/income	-	-	(9,326)	-	2,648	-	-	119,197	425	112,944
Share based payment under ESS	-	(678)	-	-	-	-	-	-	-	(678)
Issuance of shares pursuant to exercise of ESS	7,585	-	-	-	-	-	-	-	-	7,585
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	-	12,317	(2,943)	-	9,374
Buy-back of shares	-	-	-	-	-	-	(14,923)	-	-	(14,923)
Transfer to regulatory reserve	-	-	-	260	-	-	-	(260)	-	-
Transfer to retained profits	-	(2,657)	-	-	-	-	-	2,657	-	-
Dividend paid	-	-	-	-	-	-	-	(64,213)	-	(64,213)
Adjustment to non-controlling interest	-	-	-	-	-	-	-	827	(827)	-
At 31 December 2021	253,834	2,809	6,590	18,921	19,204	88,938	(13,064)	673,097	4,701	1,055,030

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non- Distributable					Distributable		Total Equity RM'000
	Ordinary Shares RM'000	ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Bank								
At 1 January 2022	253,834	2,809	634	18,921	153,863	(13,064)	624,353	1,041,350
Net profit for the financial year	-	-	-	-	-	-	54,919	54,919
Other comprehensive loss	-	-	(7,056)	-	-	-	-	(7,056)
Total comprehensive (loss)/income	-	-	(7,056)	-	-	-	54,919	47,863
Share based payment under ESS	-	407	-	-	-	-	-	407
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	15,972	(8,305)	7,667
Buy-back of shares	-	-	-	-	-	(16,446)	-	(16,446)
Transfer from regulatory reserve	-	-	-	(1,729)	-	-	1,729	-
Transfer to retained profits	-	(1,422)	-	-	-	-	1,422	-
Dividend paid	-	-	-	-	-	-	(77,060)	(77,060)
At 31 December 2022	253,834	1,794	(6,422)	17,192	153,863	(13,538)	597,058	1,003,781

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Ordinary Shares RM'000	Non- Distributable			Distributable		Total Equity RM'000	
		ESS Reserve RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000
Bank								
At 1 January 2021	246,249	6,144	15,256	18,661	153,863	(10,458)	594,296	1,024,011
Net profit for the financial year	-	-	-	-	-	-	94,816	94,816
Other comprehensive loss	-	-	(14,622)	-	-	-	-	(14,622)
Total comprehensive (loss)/income	-	-	(14,622)	-	-	-	94,816	80,194
Share based payment under ESS	-	(678)	-	-	-	-	-	(678)
Issuance of shares pursuant to exercise of ESS	7,585	-	-	-	-	-	-	7,585
Transfer of shares pursuant to exercise of ESS	-	-	-	-	-	12,317	(2,943)	9,374
Buy-back of shares	-	-	-	-	-	(14,923)	-	(14,923)
Transfer to regulatory reserve	-	-	-	260	-	-	(260)	-
Transfer to retained profits	-	(2,657)	-	-	-	-	2,657	-
Dividend paid	-	-	-	-	-	-	(64,213)	(64,213)
At 31 December 2021	253,834	2,809	634	18,921	153,863	(13,064)	624,353	1,041,350

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KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	74,150	148,236	58,290	120,421
Adjustments for:				
Depreciation of property, plant and equipment	11,472	11,714	10,487	10,829
Amortisation of intangible assets	6,462	5,624	5,508	4,642
Amortisation of right-of-use assets	8,039	8,465	6,660	7,397
Lease interest expenses	894	965	743	905
ESS expenses	326	1,022	326	1,022
Credit loss expense/(reversal)	3,923	1,900	(2,551)	1,935
Impairment losses on investment in a subsidiary	-	-	-	9,323
Property, plant and equipment written off	911	231	902	-
Computer Software Work-in-Progress written-off	608	-	608	-
Fixed assets expensed off	1,975	-	712	-
Bad debts recovered	(119)	(513)	(119)	(543)
Reversal of impairment losses on investment in an associate	-	-	-	(12,200)
Gain on disposal of a subsidiary	-	(4,729)	-	-
Gain on disposal of an associate	(9,117)	-	-	-
Non-cash items	25,374	24,679	23,276	23,310
Net (gain)/loss from sale of financial assets at FVTPL and derivatives	(23,675)	46,692	(23,667)	46,732
Net gain from sale of financial investments other than those measured at FVTPL	(25)	(1,580)	(25)	(1,580)
Gross dividend income from investments	(1,527)	(3,654)	(60,492)	(18,547)
Loss/(gain) on revaluation of financial assets at FVTPL and derivatives	8,954	(148,011)	10,454	(150,784)
Gain on disposal of property, plant and equipment	(111)	(60)	(93)	(57)
Share of results of associates and joint venture	(852)	(13,593)	-	-
Non-operating items - investing	(17,236)	(120,206)	(73,823)	(124,236)
Adjustments for non-operating and non-cash items	8,138	(95,527)	(50,547)	(100,926)
Operating profit before working capital changes	82,288	52,709	7,743	19,495

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197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Changes in working capital:				
Net changes in operating assets	(38,821)	192,686	(5,459)	281,488
Net changes in operating liabilities	(353,112)	(156,600)	(326,478)	(321,857)
Cash generated from operations	(309,645)	88,795	(324,194)	(20,874)
Taxation and zakat paid	(30,199)	(42,807)	(11,394)	(33,951)
Rental/lease interest payment	(894)	(1,064)	(743)	(1,006)
Net operating cash flow	(340,738)	44,924	(336,331)	(55,831)
Cash flows from investing activities				
Sale proceeds from disposal of a subsidiary, net of cash	-	5,372	-	-
Sale proceeds from disposal of an associate, net of expense	9,117	-	-	-
Dividend received from subsidiary	-	-	59,000	-
Dividends received from other investments	1,527	3,654	1,492	18,547
Purchase of property, plant equipment and intangible assets	(12,301)	(24,131)	(8,816)	(22,050)
Acquisition of a subsidiary, net of cash	-	(597)	-	-
Proceeds from disposal of property, plant and equipment	111	60	93	57
Capital injection in a joint venture	(1,550)	-	(1,550)	-
Net sale of securities	237,489	158,956	232,539	159,036
Net investing cash flow	234,393	143,314	282,758	155,590
Cash flows from financing activities				
Dividend paid	(77,060)	(64,213)	(77,060)	(64,213)
Repayment of lease liabilities	(8,028)	(8,261)	(6,705)	(7,185)
Net (repayment)/drawdown of borrowings	(38,700)	69,300	(16,200)	52,300
Share buy-back	(16,446)	(14,574)	(16,446)	(14,574)
Proceeds from exercise of ESS	7,667	14,916	7,667	14,916
Net financing cash flow	(132,567)	(2,832)	(108,744)	(18,756)
Net change in cash and cash equivalents during the financial year	(238,912)	185,406	(162,317)	81,003
Cash and cash equivalents brought forward	1,469,803	1,284,397	1,337,127	1,256,124
Cash and cash equivalents carried forward	1,230,891	1,469,803	1,174,810	1,337,127

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term funds, excluding segregated funds from customers, deposits and monies held in trust on behalf of dealer's representatives. Cash and cash equivalents included in the statements of cash flows comprise of the following amounts in the statements of financial position:

	Group		Bank	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,700,779	1,886,965	1,240,970	1,459,156
Deposits and placements with banks and other financial institutions	32,007	10,419	21,955	-
Less: Segregated funds from customers	(413,780)	(305,552)	-	-
Less: Cash and bank balances and deposits held in trust	(88,115)	(122,029)	(88,115)	(122,029)
	<u>1,230,891</u>	<u>1,469,803</u>	<u>1,174,810</u>	<u>1,337,127</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A1. Basis Of Preparation

The interim financial statements, for the financial year ended 31 December 2022, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have also incorporated those activities relating to the Islamic banking business undertaken by the Group.

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021. The Group has not adopted any other standard, interpretation or amendment that have been issued but not effective yet.

A2. Condensed financial statements

The interim financial statements have been prepared on a condensed basis and as such should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A3. Preceding financial year audit report

The preceding financial year audit report in respect of the financial year ended 31 December 2021 was not qualified by the external auditors.

A4. Seasonal or Cyclical Factors

The Group's performance was mainly dependent on Bursa Malaysia trading volume and value which in turn were affected by market sentiment and the country's macro economic conditions.

A5. Nature and amounts in relation to assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no exceptional items which have affected the assets, liabilities, equity, net income or cash flows.

A6. Changes in the nature and amount of estimated figures reported in prior interim periods and financial years

There were no changes made to the estimated figures reported in prior interim periods and financial years.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A7. Issuance, cancellation, repurchase, resale or repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial year ended 31 December 2022 other than the below:

- a) the transfer of 12,673,500 units of treasury shares to staff pursuant to the exercise of ESS.
- b) the Bank repurchased 15,681,600 ordinary shares of its issued share capital from the open market at an average cost of RM1.0265 per share. The total consideration paid for the share buy-back, including transaction costs was RM16.1 million, and was financed by internally generated fund.

As at 31 December 2022, the number of treasury shares held was 13,484,300 shares.

- c) on 20 April 2022, the Bank has fully redeemed the tranche 1 of its Subordinated Notes with nominal value of RM5 million which was issued on 20 April 2017 under the Tier 2 Subordinated Notes Programme.

A8. Dividends paid per share

An interim dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021, which amounted to RM77,060,192 was paid on 15 April 2022.

A9. Significant event during and subsequent to the financial interim period

There was no significant event during and subsequent to the financial interim period other than the following:

Pursuant to the call and put option agreement between Kenanga Capital Sdn Bhd ("KCSB") and Bay Amaranite Sdn Bhd ("BASB") dated 30 June 2020, BASB had on 17 February 2023 exercised its call option to purchase additional 31% of Kenanga Capital Islamic Sdn Bhd's ("KCISB") ordinary shares. Upon completion of the option exercise, KCSB's shareholdings in KCISB will be reduced to 20% and KCISB will cease to be a subsidiary of KCSB.

A10. Changes in composition of the Group

There were no changes in the composition of the Group other than below:

On 12 May 2022, K & N Kenanga Holdings Berhad ("KNKH"), a wholly-owned subsidiary of the Bank, entered into a Share Purchase Agreement with Hung An Dien Co. Ltd ("HADCL"), a company organised and existing under the laws of Vietnam, to dispose 6,615,000 shares in Kenanga Vietnam Securities ("KVS"), representing 49% of the entire issued and outstanding capital of KVS to HADCL. Consequential to the disposal, KVS ceased to be an associate company of KNKH.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000 (Restated)	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000 (Restated)
A11. Cash and bank balances				
Cash and balances with banks and other financial institutions	498,690	526,368	113,936	137,757
Money at call and deposit placements	1,234,096	1,371,016	1,148,989	1,321,399
	1,732,786	1,897,384	1,262,925	1,459,156
Included in cash and bank balances are:				
Cash and cash equivalents	1,230,891	1,469,803	1,174,810	1,337,127
Monies held in trust on behalf of dealer's representatives and segregated funds for customers	501,895	427,581	88,115	122,029
	1,732,786	1,897,384	1,262,925	1,459,156
A12. Financial Assets At FVTPL				
At fair value				
Quoted Securities:				
Shares and funds in Malaysia	127,984	205,052	127,443	204,833
Funds outside Malaysia	16,529	1,889	16,529	1,889
Unquoted Securities:				
Shares and funds in Malaysia	168,584	156,508	171,612	155,772
Unquoted Debt Securities in Malaysia:				
Islamic Corporate Sukuk	9,042	23,873	9,042	23,873
Total financial assets at FVTPL	322,139	387,322	324,626	386,367

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group and Bank	
As at 31 December 2022 RM'000	As at 31 December 2021 RM'000

A13. Financial investments other than those measured at FVTPL

(i) Financial investments at FVOCI

At fair value

Money market instruments:

Malaysian Government Securities	19,373	40,042
Malaysian Government Investment Certificates	59,534	91,934
Islamic Negotiable Instruments of Deposits	-	199,724
	78,907	331,700

Equity instruments in Malaysia:

Unquoted Shares	1,294	1,460
	1,294	1,460

Debt instruments in Malaysia:

Islamic Corporate Sukuk	184,377	275,452
Corporate Bonds	54,595	128,962
	238,972	404,414

Total financial investments at FVOCI

319,173	737,574
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Impairment losses on debt instruments measured at FVOCI

Group and Bank

Movements in Expected Credit Loss ("ECL")	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2022	390	-	-	390
Impact of net re-measurement of ECL	50	78	-	128
Changes in model assumption or Transfer of stages	(129)	-	-	(129)
	(50)	50	-	-
As at 31 December 2022	261	128	-	389
	2021			
Movements in ECL	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2021	386	-	-	386
Impact of net re-measurement of ECL	4	-	-	4
As at 31 December 2021	390	-	-	390

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group and Bank	
As at 31 December 2022 RM'000	As at 31 December 2021 RM'000

A13. Financial investments other than those measured at FVTPL (cont'd.)

(ii) Financial investments at AC

At cost

Money market instruments:

Malaysian Government Securities	49,677	-
Malaysian Government Investment Certificates	177,316	39,912
	226,993	39,912

Debt instruments in Malaysia:

Islamic Corporate Sukuk	202,119	153,785
Corporate Bonds	20,002	20,012
Less: Allowance for ECL	-	(49)
	222,121	173,748

Total financial investments at AC

449,114	213,660
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Impairment losses on debt instruments measured at Amortised Cost ("AC")

Group and Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2022	49	-	-	49
Changes in model assumption or methodology	(49)	-	-	(49)
As at 31 December 2022	-	-	-	-
	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	105	-	-	105
Impact of re-measurement of ECL	(52)	-	-	(52)
Assets derecognised or matured (excluding write-off)	(4)	-	-	(4)
As at 31 December 2021	49	-	-	49

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
A14. Loans, Advances and Financing				
At AC				
Share margin financing	1,153,056	1,170,899	1,153,056	1,170,899
Term loans/financing	500,905	539,077	525,953	565,616
Subordinated term loan	-	-	45,067	30,039
Other lending and factoring receivables	58,885	82,742	-	-
Advances to group employees	2	97	2	97
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651
Less: Allowance for ECL				
- Stage 1- 12-month ECL	(170)	(2,949)	(635)	(3,247)
- Stage 2- Lifetime ECL non-credit impaired	(2,900)	-	(2,900)	-
- Stage 3- Lifetime ECL credit impaired	(19,303)	(14,453)	(17,033)	(13,789)
Net loans, advances and financing	1,690,475	1,775,413	1,703,510	1,749,615
(i) By Type of Customer				
Domestic business enterprise				
- Small medium enterprise	240,319	256,439	200,583	196,055
- Others	492,321	534,052	562,436	590,630
Individuals	979,667	993,814	960,518	971,456
Foreign enterprises	541	8,510	541	8,510
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651
(ii) By Geographical Distribution				
In Malaysia	1,709,313	1,786,437	1,720,543	1,760,273
Outside Malaysia	3,535	6,378	3,535	6,378
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(iii) By Interest Rate/ Profit Rate Sensitivity				
Fixed rate				
- Other fixed rate loans	1,211,941	1,253,641	1,153,056	1,170,899
Variable rate				
- Other variable rates	497,904	529,826	568,019	586,404
- Base lending rate plus	3,001	9,251	3,001	9,251
Interest free	2	97	2	97
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651
(iv) By Purpose				
Purchase of securities	1,401,784	1,427,343	1,401,784	1,427,343
Working capital	138,982	169,221	170,161	169,429
Others	172,082	196,251	152,133	169,879
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651
(v) By Residual Contractual Maturity				
Within one year	1,494,342	1,483,133	1,484,823	1,484,244
More than one year	218,506	309,682	239,255	282,407
Gross loans, advances and financing	1,712,848	1,792,815	1,724,078	1,766,651

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
A14. Loans, Advances and Financing (cont'd.)				
(vi) Movements in impaired loans, advances and financing ("Impaired LAF")				
At beginning of the financial year	73,141	41,294	64,700	40,630
Impaired during the financial year	9,188	39,958	4,041	31,537
Reclassified as performing	(30,505)	-	(30,505)	-
Amount recovered during the financial year	(8,645)	(8,111)	(7,890)	(7,467)
At end of the financial year	43,179	73,141	30,346	64,700
Less: Allowance for ECL	(19,303)	(14,453)	(17,033)	(13,789)
Net impaired LAF	23,876	58,688	13,313	50,911
Net impaired LAF as a % of net loans, advances and financing	1.41%	3.31%	0.78%	2.91%
(vii) Impaired LAF by Geographical Distribution				
In Malaysia	42,638	70,585	29,805	62,144
Outside Malaysia	541	2,556	541	2,556
Gross impaired loans	43,179	73,141	30,346	64,700
(viii) Impaired LAF by Purpose				
Working capital	5,630	664	-	-
Purchase of securities	30,346	64,700	30,346	64,700
Others	7,203	7,777	-	-
Gross impaired loans	43,179	73,141	30,346	64,700

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows:

An analysis of changes in the ECL allowances in relation to share margin financing is as follows:

Share margin financing

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	13,789	13,789
Assets derecognised or repaid (excluding write-offs)	-	-	(1,706)	(1,706)
Net remeasurement of allowance	-	-	4,950	4,950
As at 31 December 2022	-	-	17,033	17,033
	2021			
Movements in ECL	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	-	2,356	7,253	9,609
New assets originated or purchased	-	-	(5)	(5)
Assets derecognised or repaid (excluding write-offs)	-	-	(1,801)	(1,801)
Net remeasurement of allowance	-	-	5,986	5,986
Transfer of stages	-	(2,356)	2,356	-
As at 31 December 2021	-	-	13,789	13,789

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows (cont'd.):

An analysis of changes in the ECL allowances in relation to term loan/financing and subordinated term loan is as follows:

Term loan/financing and subordinated term loan

Group

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	2,936	-	-	2,936
New assets originated or purchased	93	-	-	93
Assets derecognised or repaid (excluding write-offs)	(122)	-	-	(122)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	170	2,900	-	3,070

	2021			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	3,059	-	-	3,059
New assets originated or purchased	46	-	-	46
Assets derecognised or repaid (excluding write-offs)	(184)	-	-	(184)
Net remeasurement of allowance	15	-	-	15
As at 31 December 2021	2,936	-	-	2,936

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows (cont'd.):

Term loan/financing and subordinated term loan (cont'd.)

Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	3,203	-	-	3,203
New assets originated or purchased	256	-	-	256
Assets derecognised or repaid (excluding write-offs)	(153)	-	-	(153)
Net remeasurement of allowance	(12)	-	-	(12)
Changes in model assumption or methodology	(2,725)	2,900	-	175
As at 31 December 2022	569	2,900	-	3,469

Bank

	2021			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	3,312	-	-	3,312
New assets originated or purchased	155	-	-	155
Assets derecognised or repaid (excluding write-offs)	(474)	-	-	(474)
Net remeasurement of allowance	210	-	-	210
As at 31 December 2021	3,203	-	-	3,203

Other lending and factoring receivables

Group

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	13	-	664	677
New assets originated or purchased	-	-	1,786	1,786
Assets derecognised or repaid (excluding write-offs)	(13)	-	(180)	(193)
As at 31 December 2022	-	-	2,270	2,270

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A14. Loans, Advances and Financing (cont'd.)

(ix) Impairment allowance for loans, advances and financing are as follows (cont'd.):

An analysis of changes in the ECL allowances in relation to other lending and factoring receivables is as follows:

Other lending and factoring receivables (cont'd.)

Movements in ECL	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2021	53	-	664	717
Assets derecognised or repaid (excluding write-offs)	(40)	-	-	(40)
As at 31 December 2021	13	-	664	677

Undrawn commitment

Bank

Movements in ECL	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2022	44	-	-	44
New assets originated or purchased	89	-	-	89
Exposure derecognised or matured/lapsed (excluding write-offs)	(67)	-	-	(67)
As at 31 December 2022	66	-	-	66

Movements in ECL	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2021	75	-	-	75
Exposure derecognised or matured/lapsed (excluding write-offs)	(38)	-	-	(38)
Net remeasurement of allowance	7	-	-	7
As at 31 December 2021	44	-	-	44

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group		Bank	
As at	As at	As at	As at
31 December	31 December	31 December	31 December
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

A15. Balances due from clients and brokers

Balances due from clients and brokers	430,415	337,276	430,254	337,181
Less: Allowance for ECL	(2,777)	(2,811)	(2,777)	(2,811)
	427,638	334,465	427,477	334,370

An analysis of changes in the ECL allowances in relation to balance due from clients and brokers is as follows:

Group and Bank

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2022	1,535	1,276	2,811
Charged during the financial year	175	609	784
Written back during the financial year	(179)	(624)	(803)
Written off during the financial year	-	(15)	(15)
As at 31 December 2022	1,531	1,246	2,777

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
Movements in ECL	RM'000	RM'000	RM'000
As at 1 January 2021	1,553	4,670	6,223
Charged during the financial year	290	533	823
Written back during the financial year	(308)	(446)	(754)
Written off during the financial year	-	(3,481)	(3,481)
As at 31 December 2021	1,535	1,276	2,811

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
A16. Other Assets				
Assets segregated for customers	56,596	93,849	-	-
Interest/income receivable	9,602	9,556	9,424	9,546
Prepayments and deposits	21,217	20,169	18,496	17,809
Other debtors	107,515	58,521	73,927	36,371
Treasury trade receivables	-	49,892	-	49,892
Amount due from subsidiaries	-	-	30,581	29,716
Amount due from related parties	49	57	49	57
Amount due from trustees	433	12,000	-	-
	195,412	244,044	132,477	143,391
Allowance for ECL				
- Other debtors	(11,659)	(5,222)	(6,804)	(5,222)
- Amount due from subsidiaries	-	-	(240)	(240)
	183,753	238,822	125,433	137,929

An analysis of changes in the ECL allowances in relation to other debtors is as follows:

Group

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	1,764	5,168	6,932
Assets derecognised or repaid (excluding write-offs)	-	(1,688)	(1,688)
Transfer of stages	(1,583)	1,583	-
Net remeasurement of allowance	-	1,193	1,193
As at 31 December 2022	404	11,255	11,659

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A16. Other Assets (cont'd.)

An analysis of changes in the ECL allowances in relation to other debtors is as follows:

Group

	2021		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2021	145	6,003	6,148
New assets originated or purchased	1,054	251	1,305
Assets derecognised or repaid (excluding write-offs)	-	(3,372)	(3,372)
Transfer of stages	(976)	976	-
Net remeasurement of allowance	-	1,330	1,330
Amounts written off	-	(189)	(189)
As at 31 December 2021	<u>223</u>	<u>4,999</u>	<u>5,222</u>

Bank

	2022		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	223	4,999	5,222
New assets originated or purchased	1,764	313	2,077
Assets derecognised or repaid (excluding write-offs)	-	(1,688)	(1,688)
Transfer of stages	(1,583)	1,583	-
Net remeasurement of allowance	-	1,193	1,193
As at 31 December 2022	<u>404</u>	<u>6,400</u>	<u>6,804</u>

	2021		
	Non-Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2021	146	6,004	6,150
New assets originated or purchased	1,055	251	1,306
Assets derecognised or repaid (excluding write-offs)	-	(3,375)	(3,375)
Transfer of stages	(978)	978	-
Net remeasurement of allowance	-	1,330	1,330
Amounts written off	-	(189)	(189)
As at 31 December 2021	<u>223</u>	<u>4,999</u>	<u>5,222</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A16. Other Assets (cont'd.)

An analysis of changes in the ECL allowances in relation to amount due from subsidiaries is as follows:

Bank

	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January and 31 December 2022	240	-	-	240

	2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movements in ECL				
As at 1 January 2021	226	-	-	226
Net remeasurement of allowance	14	-	-	14
As at 31 December 2021	240	-	-	240

Group and Bank	
As at 31 December 2022 RM'000	As at 31 December 2021 RM'000

A17. Statutory deposit with Bank Negara Malaysia

Statutory Deposit	<u>58,403</u>	<u>50,868</u>
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The non-interest bearing statutory deposit is maintained by the Bank with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act 2009, and is determined as a set percentage of net eligible liabilities.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
A18. Deposits from customers				
(i) By type of deposit				
Fixed term deposits	2,350,345	2,464,706	2,468,356	2,516,015
Short term money deposits	614,784	563,833	635,000	625,846
Call money deposits	67,265	39,848	67,265	39,848
Negotiable instruments of deposits	128,684	68,891	128,684	68,891
	3,161,078	3,137,278	3,299,305	3,250,600
(ii) By type of customer				
Government and other statutory bodies	740,926	671,186	740,926	671,186
Individuals	143,417	98,500	143,417	98,500
Business enterprises	745,665	1,007,435	745,665	1,007,435
Non-bank financial institutions	1,266,173	1,160,157	1,266,173	1,160,157
Subsidiaries and related companies	264,897	200,000	403,124	313,322
	3,161,078	3,137,278	3,299,305	3,250,600
(iii) By maturity structure				
Due within six months	2,692,617	2,268,323	2,830,844	2,381,645
More than six months to one year	286,971	747,040	286,971	747,040
More than one year	181,490	121,915	181,490	121,915
	3,161,078	3,137,278	3,299,305	3,250,600

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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A19. Deposits and placements of banks and financial institutions

	Group and Bank	
	As at	As at
	31 December	31 December
	2022	2021
	RM'000	RM'000
Licenced investment banks	50,000	-
Other financial institutions	365,359	593,126
Bank Negara Malaysia ("BNM")	-	59,736
	415,359	652,862

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000

A20. Other liabilities

Interest/Income payable	16,041	13,301	16,074	13,032
Securities borrowing and lending	11,635	28,867	11,635	28,867
Accruals and provisions	184,440	285,642	60,859	101,232
Retention for contra losses	16	17	16	17
Structured products	2,879	3,168	2,879	3,168
Treasury trade payables	-	49,892	-	49,892
Deposits and other creditors	63,226	70,783	69,109	65,923
Amounts held in trust on behalf of				
Dealer's Representatives	88,115	122,029	88,115	122,029
Amount due to trustees	906	-	-	-
Amount due to subsidiaries	-	-	40	1
	367,258	573,699	248,727	384,161

A21. Borrowings

Secured:

Revolving bank loan	8,000	19,200	8,000	19,200
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Unsecured:

Revolving bank loans	17,500	40,000	-	-
Subordinated notes	180,500	185,500	180,500	185,500
	206,000	244,700	188,500	204,700

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>
A22. Interest Income				
<u>Group</u>				
Loans, advances and financing	27,004	30,318	113,000	122,620
Money at call and deposit with financial institutions	18,374	11,614	58,078	43,138
Financial investments at FVOCI	3,209	4,857	15,863	19,276
Financial investments at AC	3,032	1,392	8,276	5,394
Others	8,333	4,921	27,322	19,944
	59,952	53,102	222,539	210,372
<u>Bank</u>				
Loans, advances and financing	26,727	29,570	111,229	120,431
Money at call and deposit placements with financial institutions	15,719	10,623	50,680	39,397
Financial investments at FVOCI	3,209	4,857	15,863	19,276
Financial investments at AC	3,032	1,392	8,276	5,394
Others	8,328	4,920	27,316	19,946
	57,015	51,362	213,364	204,444
A23. Interest Expense				
<u>Group</u>				
Deposits from customers	26,150	22,113	82,572	86,064
Deposits and placement from banks and other financial institutions	418	281	830	1,804
Borrowings	2,682	2,646	10,791	9,277
Lease interest expenses	205	55	894	965
Others	5,445	241	17,726	1,451
	34,900	25,336	112,813	99,561
<u>Bank</u>				
Deposits from customers	27,388	22,720	86,256	88,274
Deposits and placement from banks and other financial institutions	418	281	830	1,804
Borrowings	2,322	2,451	9,367	8,685
Lease interest expenses	204	113	743	905
Others	9,291	2,504	30,335	10,581
	39,623	28,069	127,531	110,249

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>
A24. Other Operating Income				
<u>Group</u>				
(a) Fee income:				
Brokerage fees	39,683	55,215	166,610	313,354
Corporate advisory fees	3,748	1,381	10,331	6,932
Processing fees on loans, advances and financing	1,228	544	3,057	1,766
Commissions	3,122	3,191	12,703	11,861
Management fee income	38,631	51,776	202,047	152,510
Placement fees	4,031	2,952	19,303	15,230
Underwriting commissions	(43)	1,503	891	1,839
Other fee income	5,367	6,768	18,269	18,647
Others	428	421	1,653	1,625
	<u>96,195</u>	<u>123,751</u>	<u>434,864</u>	<u>523,764</u>
(b) Net gain/(loss) arising from sale/ redemption of:				
Financial assets at FVTPL and derivatives	10,965	(1,487)	23,675	(45,678)
Financial investments at FVOCI	5	-	25	9
	<u>10,970</u>	<u>(1,487)</u>	<u>23,700</u>	<u>(45,669)</u>
(c) Gross dividend income from:				
Financial assets at FVTPL	226	258	1,429	3,410
Financial investments at FVOCI	-	19	98	244
	<u>226</u>	<u>277</u>	<u>1,527</u>	<u>3,654</u>
(d) Interest income from financial assets at FVTPL	<u>135</u>	<u>382</u>	<u>610</u>	<u>2,176</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>1,968</u>	<u>37,586</u>	<u>(8,954)</u>	<u>148,011</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>
A24. Other Operating Income (cont'd.)				
(f) Other income:				
Net foreign exchange income	144	2,118	8,121	10,792
(Loss)/Gain on disposal of property, plant and equipment	(3)	-	111	60
Other operating income	692	740	7,359	2,602
Other non-operating income				
- Rental income	512	558	2,074	1,674
- Gain on disposal of a subsidiary	-	-	-	4,729
- (Loss)/Gain on disposal of an associate	(21)	-	9,117	-
- Others	2,734	1,605	6,819	5,088
	<u>4,058</u>	<u>5,021</u>	<u>33,601</u>	<u>24,945</u>
Total other operating income	<u>113,552</u>	<u>165,530</u>	<u>485,348</u>	<u>656,881</u>
Bank				
(a) Fee income:				
Brokerage fees	39,683	55,215	166,610	313,354
Corporate advisory fees	3,784	1,416	10,468	7,049
Processing fees on loans, advances and financing	781	136	1,679	706
Management fee income	63	686	359	1,352
Placement fees	3,841	2,571	11,043	12,649
Underwriting commissions	(43)	1,503	891	1,839
Other fee income	1,246	1,653	6,345	7,029
Others	126	119	437	353
	<u>49,481</u>	<u>63,299</u>	<u>197,832</u>	<u>344,331</u>
(b) Net gain/(loss) arising from sale/redemption of:				
Financial assets at FVTPL and derivatives	10,964	(1,517)	23,667	(45,718)
Financial investments at FVOCI	5	-	25	9
	<u>10,969</u>	<u>(1,517)</u>	<u>23,692</u>	<u>(45,709)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>3 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2022</u> <u>RM'000</u>	<u>12 months ended</u> <u>31 December</u> <u>2021</u> <u>RM'000</u>
A24. Other Operating Income (cont'd.)				
(c) Gross dividend from:				
Financial assets at FVTPL	226	232	1,394	3,303
Financial investments at FVOCI	-	19	98	244
Subsidiaries	50,000	15,000	59,000	15,000
	<u>50,226</u>	<u>15,251</u>	<u>60,492</u>	<u>18,547</u>
(d) Interest income from financial assets at FVTPL	<u>135</u>	<u>382</u>	<u>610</u>	<u>2,176</u>
(e) Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	<u>1,090</u>	<u>38,078</u>	<u>(10,454)</u>	<u>150,784</u>
(f) Other income:				
Net foreign exchange income	510	2,185	8,241	10,716
Gain on disposal of property, plant and equipment	-	-	93	57
Other operating income	634	829	8,963	3,481
Other non-operating income				
- Rental income	970	1,016	3,897	3,525
- Others	942	1,692	4,881	4,746
	<u>3,056</u>	<u>5,722</u>	<u>26,075</u>	<u>22,525</u>
Total other operating income	<u>114,957</u>	<u>121,215</u>	<u>298,247</u>	<u>492,654</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A25. Other operating expenses				
Group				
Personnel costs	58,539	68,205	221,835	247,133
- Salaries, allowances and bonuses	46,116	53,009	175,000	195,241
- EPF	5,225	5,067	20,839	20,066
- ESS	16	36	408	1,302
- Others	7,182	10,093	25,588	30,524
Establishment costs	16,875	11,927	58,897	53,717
- Depreciation of property, plant and equipment	2,932	2,923	11,472	11,714
- Amortisation of intangible assets	1,791	1,384	6,462	5,624
- Amortisation of right-of-use assets	2,054	2,136	8,039	8,465
- Rental of premises	134	115	476	397
- Rental of equipment	218	152	783	640
- Repairs and maintenance	2,998	1,411	7,551	5,836
- Information technology expenses	5,359	2,498	17,415	14,792
- Others	1,389	1,308	6,699	6,249
Marketing expenses	2,794	10,232	17,084	23,310
- Promotion and advertisements	1,406	7,538	12,375	18,822
- Travel and entertainment	1,203	2,467	3,829	4,040
- Others	185	227	880	448
Administration and general expenses	53,031	67,390	235,357	324,330
- Communication expenses	1,410	1,137	4,932	4,680
- Professional fees and legal fees	2,054	1,982	4,638	5,285
- Regulatory charges	6,144	7,460	26,965	33,361
- Fees and brokerage	42,630	54,583	184,467	264,508
- Administrative expenses	437	1,871	13,171	15,230
- Printing and stationery	356	357	1,184	1,266
Total other operating expenses	131,239	157,754	533,173	648,490

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A25. Other operating expenses (cont'd.)				
<u>Bank</u>				
Personnel costs	41,978	50,434	149,995	182,511
- Salaries, allowances and bonuses	34,186	39,904	122,095	149,029
- EPF	4,132	4,047	16,490	16,014
- ESS	23	9	326	1,024
- Others	3,637	6,474	11,084	16,444
Establishment costs	13,218	9,655	47,953	44,764
- Depreciation of property, plant and equipment	2,624	2,704	10,487	10,829
- Amortisation of intangible assets	1,480	1,160	5,508	4,642
- Amortisation of right-of-use assets	1,660	1,822	6,660	7,397
- Rental of premises	110	87	370	324
- Rental of equipment	133	97	499	412
- Repair and maintenance	1,101	812	3,784	3,635
- Information technology expenses	5,356	2,496	17,396	14,779
- Others	754	477	3,249	2,746
Marketing expenses	2,212	1,637	6,916	5,274
- Promotion and advertisement	1,325	1,337	4,452	4,317
- Travel and entertainment	717	209	1,700	668
- Others	170	91	764	289
Administration and general expenses	33,015	44,065	138,797	252,192
- Communication expenses	1,222	943	4,235	4,053
- Professional fees and legal fees	1,789	2,012	3,891	4,939
- Regulatory charges	5,416	6,946	24,112	31,224
- Fees and brokerages	24,324	32,649	94,525	198,284
- Administrative expenses	75	1,347	11,368	12,911
- Printing and stationery	189	168	666	781
Total other operating expenses	90,423	105,791	343,661	484,741

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A26. Credit loss reversal/(expense)

The tables below show the ECL charges on financial instruments for the period/year recorded in the income statement:

Group

Individual Quarter

(i) Movements in ECL on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	130	(1)	-	129
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(165)	-	(469)	(634)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	14	(1)	7,127	7,140

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(3)	-	-	(3)
Loans, advances and financing	94	-	(2,662)	(2,568)
Credit loss reversal/(expense)	91	-	(2,662)	(2,571)

(ii) Movements in ECL on other financial assets

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	11	(35)	(24)
Other debtors	(702)	(5,187)	(5,889)
Credit loss expense	(691)	(5,222)	(5,913)

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	9	(48)	(39)
Other debtors	(257)	167	(90)
Credit loss (expense)/reversal	(248)	119	(129)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A26. Credit loss reversal/(expense) (cont'd.)

Group

Cumulative Quarters

(iii) Movements in ECLs on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	79	(78)	-	1
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(121)	-	(5,030)	(5,151)
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	7	(78)	2,566	2,495

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(4)	-	-	(4)
Debt instruments at AC	56	-	-	56
Loans, advances and financing	163	-	(2,783)	(2,620)
Credit loss reversal/(expense)	215	-	(2,783)	(2,568)

(iv) Movements in ECLs on other financial assets

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	4	15	19
Other debtors	(1,764)	(4,673)	(6,437)
Credit loss (expense)/reversal	(1,760)	(4,658)	(6,418)

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	18	(87)	(69)
Other debtors	(1,054)	1,791	737
Credit loss (expense)/reversal	(1,036)	1,704	668

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A26. Credit loss reversal/(expense) (cont'd.)

Bank

Individual Quarter

(v) Movements in ECL on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	130	(1)	-	129
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(164)	-	1,317	1,153
Recoveries from share margin financing	-	-	7,596	7,596
Credit loss reversal/(expense)	15	(1)	8,913	8,927

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(3)	-	-	(3)
Loans, advances and financing	203	-	(2,662)	(2,459)
Loan commitments	(2)	-	-	(2)
Amount due from subsidiaries	(14)	-	-	(14)
Credit loss reversal/(expense)	184	-	(2,662)	(2,478)

(vi) Movements in ECL on other financial assets

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	11	(35)	(24)
Other debtors	(702)	(332)	(1,034)
Credit loss expense	(691)	(367)	(1,058)

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	9	(48)	(39)
Other debtors	(257)	168	(89)
Credit loss (expense)/reversal	(248)	120	(128)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A26. Credit loss (expense)/reversal (cont'd.)

Bank

Cumulative Quarters

(vii) Movements in ECLs on debt instruments, loan commitments, loans, advances, and financing

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	79	(78)	-	1
Debt instruments at AC	49	-	-	49
Loans, advances and financing	(266)	-	(3,244)	(3,510)
Recoveries from share margin financing	-	-	7,596	7,596
Loan commitments	(22)	-	-	(22)
Credit loss (expense)/reversal	(160)	(78)	4,352	4,114

	2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	(4)	-	-	(4)
Debt instruments at AC	56	-	-	56
Loans, advances and financing	109	-	(2,783)	(2,674)
Loan commitments	31	-	-	31
Amount due from subsidiaries	(14)	-	-	(14)
Credit loss reversal/(expense)	178	-	(2,783)	(2,605)

(viii) Movements in ECLs on other financial assets

	2022		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	4	15	19
Other debtors	(1,764)	182	(1,582)
Credit loss (expense)/reversal	(1,760)	197	(1,563)

	2021		
	Non-Credit Impaired	Credit-Impaired	Total
	RM'000	RM'000	RM'000
Balance due from clients and brokers	18	(87)	(69)
Other debtors	(1,055)	1,794	739
Credit loss (expense)/reversal	(1,037)	1,707	670

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A27. Bad debts recovered

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>12 months ended</u>	<u>12 months ended</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Group</u>				
Loans, advances and financing	(9)	85	9	506
Balance due from clients and brokers	46	36	110	37
Other receivables	-	-	-	(30)
	<u>37</u>	<u>121</u>	<u>119</u>	<u>513</u>
<u>Bank</u>				
Loans, advances and financing	(9)	85	9	506
Balance due from clients and brokers	46	36	110	37
	<u>37</u>	<u>121</u>	<u>119</u>	<u>543</u>

A28. Fair value of financial instruments

Fair value measurements

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This would include quoted securities.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A28. Fair value of financial instruments (cont'd.)

Valuation techniques and sensitivity analysis (cont'd.)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Group

31 December 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	106,014	-	106,014
- Equity securities	144,513	-	71,612	216,125
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,696,451	1,696,451
	144,513	967,673	1,769,357	2,881,543
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Borrowings	-	170,255	-	170,255
	3,979	182,772	-	186,751

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A28. Fair value of financial instruments (cont'd.)

31 December 2021

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	119,318	-	119,318
- Equity securities	206,941	5,291	55,772	268,004
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,782,095	1,782,095
	<u>206,941</u>	<u>1,161,331</u>	<u>1,839,327</u>	<u>3,207,599</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Borrowings	-	204,020	-	204,020
	<u>23,499</u>	<u>209,281</u>	<u>-</u>	<u>232,780</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A28. Fair value of financial instruments (cont'd.)

Bank

31 December 2022

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	109,042	-	109,042
- Equity securities	143,972	-	71,612	215,584
Financial investments at FVOCI				
- Debt securities	-	317,879	-	317,879
- Equity securities	-	-	1,294	1,294
Derivative financial assets	-	85,217	-	85,217
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	458,563	-	458,563
Loans, advances and financing	-	-	1,710,413	1,710,413
	143,972	970,701	1,783,319	2,897,992
Financial liabilities measured at fair value				
Derivative financial liabilities	3,979	12,517	-	16,496
Borrowings	-	152,746	-	152,746
	3,979	165,263	-	169,242

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A28. Fair value of financial instruments (cont'd.)

31 December 2021

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Financial assets at FVTPL				
- Debt securities	-	123,873	-	123,873
- Equity securities	206,722	-	55,772	262,494
Financial investments at FVOCI				
- Debt securities	-	736,114	-	736,114
- Equity securities	-	-	1,460	1,460
Derivative financial assets	-	81,453	-	81,453
Financial assets at amortised cost for which fair values are disclosed				
Financial investments at AC	-	219,155	-	219,155
Loans, advances and financing	-	-	1,757,618	1,757,618
	<u>206,722</u>	<u>1,160,595</u>	<u>1,814,850</u>	<u>3,182,167</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	23,499	5,261	-	28,760
Borrowings	-	164,018	-	164,018
	<u>23,499</u>	<u>169,279</u>	<u>-</u>	<u>192,778</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A29. Commitments and Contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group		Bank	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000	Principal Amount RM'000
Commitments to extend credit with maturity of less than 1 year :-				
- share margin financing	2,749,435	2,774,310	2,749,435	2,774,310
- foreign exchange related contract	43,452	8,477	43,452	8,477
Other commitments with an original maturity of less than 1 year :-				
- corporate loans	55,561	50,742	130,561	124,242
Other commitments with an original maturity of more than 1 year :-				
- corporate loans	25,000	55,275	40,000	61,275
Stockbroking clients' trust	1,069,081	1,249,679	1,069,081	1,249,679
Securities borrowing and lending	11,102	27,637	11,102	27,637
Derivative financial assets				
- dual currency investment - options	2,126	1,361	2,126	1,361
- equity related contracts - options	29,338	29,492	29,338	29,492
- equity related contracts - swaps	64,187	24,123	64,187	24,123
- equity related contract - forwards	57,354	57,354	57,354	57,354
Derivative financial liabilities				
- dual currency investment - options	2,126	1,361	2,126	1,361
- equity related contracts - options	159,722	180,364	159,722	180,364
- equity related contracts - swaps	11,438	55,251	11,438	55,251
Capital commitment:				
- Authorised and contracted for	18,554	18,859	17,247	17,399
Investment in equity fund	-	-	24,991	24,991
	4,298,476	4,534,285	4,412,160	4,637,316

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group		Bank	
31 December 2022	31 December 2021	31 December 2022	31 December 2021
RM'000	RM'000	RM'000	RM'000

A30. Operating lease arrangements

A summary of the sub-lease receipts expected to be received under non-cancellable sublease are as follows:

Future minimum sub-lease receipts:

Subsidiaries	-	-	2,886	1,484
External parties	442	508	442	508
	<u>442</u>	<u>508</u>	<u>3,328</u>	<u>1,992</u>

A31. Capital Adequacy

(i) Components of Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 and Tier 2 capital:

Group		Bank	
31 December 2022	31 December 2021	31 December 2022	31 December 2021
RM'000	RM'000	RM'000	RM'000
<u>CET 1 / Tier 1 capital</u>			
Paid-up share capital	253,834	253,834	253,834
Retained profits	655,907	673,097	597,058
Other reserves	121,077	136,462	166,427
Less: Regulatory adjustments:			
Deferred tax assets	(25,184)	(30,605)	(12,966)
55% of cumulative gains of financial investments at FVOCI	-	(3,625)	-
Goodwill	(241,027)	(241,277)	(252,909)
Other intangibles	(88,192)	(89,784)	(78,223)
Regulatory reserve	(17,192)	(18,921)	(17,192)
Treasury shares	(13,538)	(13,064)	(13,538)
Other CET 1 regulatory adjustments specified by BNM	1,510	1,765	1,020
Investment in ordinary shares of unconsolidated financial entities *	(126,252)	(119,140)	(170,596)
Total CET 1/Tier 1 capital	<u>520,943</u>	<u>548,742</u>	<u>472,915</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A31. Capital Adequacy

(i) Components of Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 and Tier 2 capital (cont'd.):

	Group		Bank	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<u>Tier 2 capital</u>				
Subordinated obligations capital	180,500	185,500	180,500	185,500
General provisions ^ and regulatory reserves	17,972	16,986	17,549	16,321
Total Tier 2 capital	<u>198,472</u>	<u>202,486</u>	<u>198,049</u>	<u>201,821</u>
Total capital	<u>719,415</u>	<u>751,228</u>	<u>670,964</u>	<u>708,593</u>
Before deducting interim dividend #				
CET 1 capital ratio	20.936%	20.665%	21.626%	21.332%
Tier 1 capital ratio	20.936%	20.665%	21.626%	21.332%
Total capital ratio	28.913%	28.291%	30.682%	29.827%
After deducting interim dividend #				
CET 1 capital ratio	19.231%	17.860%	19.687%	18.198%
Tier 1 capital ratio	19.231%	17.860%	19.687%	18.198%
Total capital ratio	27.231%	25.523%	28.775%	26.741%

* The portion of regulatory adjustments not deducted from Tier 2 (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

^ Consists of Stage 1 and Stage 2 expected credit loss.

Refer to interim dividends declared subsequent to the financial year ended 31 December 2022.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A31. Capital Adequacy

(ii) Breakdown of risk-weighted assets in the various categories of risks are as follows:

	Group		Group	
	31 December 2022		31 December 2021	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	5,031,093	1,437,747	5,567,911	1,358,911
Market Risk	-	142,514	-	456,072
Operational Risk	-	894,847	-	828,589
Large exposure risk	-	13,108	-	11,794
Total Risk Weighted Assets	5,031,093	2,488,216	5,567,911	2,655,366

	Bank		Bank	
	31 December 2022		31 December 2021	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
Credit Risk	4,450,896	1,403,888	5,061,023	1,305,693
Market Risk	-	141,026	-	440,663
Operational Risk	-	628,776	-	617,538
Large exposure risk	-	13,108	-	11,794
Total Risk Weighted Assets	4,450,896	2,186,798	5,061,023	2,375,688

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk ("RWCAF Basel II").

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A32. Credit Exposures Arising From Credit Transactions With Connected Parties

Credit transactions and exposures to connected parties as disclosed below include the extension of credit facilities and/or off-balance sheet credit exposures such as loan commitments:

	31 December 2022	31 December 2021
Outstanding credit exposures with connected parties (RM'000)	<u>193,301</u>	<u>173,066</u>
Percentage of outstanding credit exposures to connected parties:-		
- as a proportion of total credit exposures	<u>6.23%</u>	<u>5.73%</u>
- which was impaired or in default	<u>-</u>	<u>-</u>

The credit exposure above were derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which was effective since 1 January 2008.

A33. Segmental reporting

The Group has five major operating divisions as described below. The divisions form the basis of which the Group reports its segment information.

- (i) Investment bank - Investment banking business, treasury and related financial services;
- (ii) Stockbroking - Dealings in equity securities and investment related services;
- (iii) Listed derivatives - Futures broking;
- (iv) Money lending and financing - Money lending, islamic factoring and leasing;
- (v) Investment and Wealth Management - Management of funds and unit trusts; and
- (vi) Corporate and others - Support services comprise all middle and back office functions, and, includes business operations conducted by the Group's associates in the Kingdom of Saudi Arabia and Sri Lanka and joint venture companies.

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A33. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and consolidation Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
2022								
Revenue								
External sales	161,345	320,294	19,730	8,861	219,582	(6,726)	-	723,086
- Interest income	118,149	111,765	7,261	6,475	4,253	52	-	247,955
- Fee income/(loss)	33,119	176,545	12,284	2,386	215,390	(42)	-	439,682
- Trading and investment income/(loss)	4,855	25,882	-	-	(123)	(6,692)	-	23,922
- Other operating income/(loss)	5,222	6,102	185	-	62	(44)	-	11,527
Inter-segment sales	28,206	(41,843)	1,200	-	21,856	10,985	(20,404)	-
Total revenue	189,551	278,451	20,930	8,861	241,438	4,259	(20,404)	723,086
Result								
Net interest income	36,715	48,754	6,457	3,684	50	1,410	12,656	109,726
Net income from Islamic banking business	10,618	4,583	-	-	-	-	-	15,201
Other operating income/(loss)	30,147	210,495	12,508	2,539	238,939	66,094	(75,374)	485,348
Net income	77,480	263,832	18,965	6,223	238,989	67,504	(62,718)	610,275
Other operating expenses	(59,815)	(265,750)	(16,886)	(4,302)	(179,944)	(11,395)	4,919	(533,173)
Credit loss (expense)/reversal	(1,920)	4,300	-	(1,772)	(4,854)	168	155	(3,923)
Bad debt recovered/(written off)	32	90	-	-	-	(3)	-	119
Impairment of investment in a subsidiary	-	-	-	-	-	(277)	277	-
Share of results of associates and joint venture companies	-	-	-	-	-	852	-	852
Profit/(loss) before taxation and zakat	15,777	2,472	2,079	149	54,191	56,849	(57,367)	74,150
Taxation and zakat								(18,796)
Net profit for the financial year								55,354

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A33. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
2022 (cont'd.)								
Other information								
Net interest and finance income	92,743	6,457	3,684	50	1,410	12,656		117,000
Depreciation and amortisation	(12,844)	(471)	(158)	(4,527)	(9,321)	1,348		(25,973)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	(3,556)	-	-	(165)	(6,759)	1,526		(8,954)
Assets								
Investments in associate companies	-	-	-	-	99,683	-		99,683
Investment in joint venture companies	-	-	-	-	26,569	-		26,569
Addition to non-current assets	8,816	56	8	3,421	-	-	A	12,301
Segment assets	5,456,192	536,765	68,968	247,638	15,635	(362,841)	B	5,962,357
Liabilities								
Segment liabilities	4,452,411	518,823	49,528	171,597	1,834	(254,660)	C	4,939,533

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A33. Segmental reporting (cont'd.)

	Investment banking RM'000	Stock broking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Total RM'000
2021								
Revenue								
External sales	138,571	537,581	15,520	9,026	165,864	24,929	-	891,491
- Interest income	108,119	115,823	3,664	7,101	195	397	-	235,299
- Fee income/(loss)	24,250	326,224	11,856	1,925	165,252	(112)	-	529,395
- Trading and investment income	681	87,937	-	-	154	24,828	-	113,600
- Other operating income/(loss)	5,521	7,597	-	-	263	(184)	-	13,197
Inter-segment sales	41,252	(44,606)	761	-	11,321	9,727	(18,455)	-
Total revenue	179,823	492,975	16,281	9,026	177,185	34,656	(18,455)	891,491
Result								
Net interest income	39,234	53,494	3,154	4,021	221	1,438	9,249	110,811
Net income from Islamic banking business	10,633	6,195	-	-	-	-	-	16,828
Other operating income/(loss)	26,136	420,902	11,952	2,594	190,902	43,553	(39,158)	656,881
Net income	76,003	480,591	15,106	6,615	191,123	44,991	(29,909)	784,520
Other operating expenses	(55,152)	(391,604)	(16,948)	(5,017)	(156,225)	(35,571)	12,027	(648,490)
Credit loss (expense)/reversal	(218)	(2,852)	-	40	-	1,134	(4)	(1,900)
Bad debt recovered	-	228	-	-	-	285	-	513
Share of results of associates and joint venture companies	-	-	-	-	-	13,593	-	13,593
Profit/(loss) before taxation and zakat	20,633	86,363	(1,842)	1,638	34,898	24,432	(17,886)	148,236
Taxation and zakat								(29,421)
Net profit for the financial period								<u>118,815</u>

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A33. Segmental reporting (cont'd.)

	Investment banking and stockbroking RM'000	Listed derivatives RM'000	Money lending and financing RM'000	Investment and wealth management RM'000	Corporate and Others RM'000	Elimination/ and consolidation adjustments RM'000	Notes	Total RM'000
2021 (cont'd.)								
Other information								
Net interest and finance income	98,600	3,154	4,021	416	1,243	9,249	-	116,683
Depreciation and amortisation	(13,063)	(472)	(156)	(3,792)	(9,780)	1,460	-	(25,803)
Non cash expenses								
- Unrealised gain/(loss) on revaluation of financial assets at FVTPL and derivatives	127,154	-	-	6	23,630	(2,779)	-	148,011
Assets								
Investments in associate companies	-	-	-	-	87,171	-		87,171
Investment in joint venture companies	-	-	-	-	31,969	-		31,969
Addition to non-current assets	22,050	45	55	3,415	-	-	A	25,565
Segment assets	5,869,674	450,123	95,990	310,770	15,510	(323,545)	B	6,418,522
Liabilities								
Segment liabilities	4,828,324	433,725	75,984	231,896	1,561	(207,998)	C	5,363,492

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A33. Segmental reporting (cont'd.)

Notes

A Additions to non-current assets consist of:

	2022	2021
	RM'000	RM'000
Property, plant and equipment		
- Additions during the financial year	4,505	12,230
Intangible assets		
- Additions during the financial year	7,796	13,335
	<u>12,301</u>	<u>25,565</u>

B The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2022	2021
	RM'000	RM'000
Investment in subsidiaries	(81,600)	(81,110)
Investment in associates and joint venture companies	(50,818)	9,962
Intangible assets	(39,584)	(40,090)
Inter-segment assets	(190,839)	(212,307)
	<u>(362,841)</u>	<u>(323,545)</u>

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2022	2021
	RM'000	RM'000
Deposits accepted from subsidiaries	(138,227)	(113,322)
Inter-segment liabilities	(116,433)	(94,676)
	<u>(254,660)</u>	<u>(207,998)</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position
As at 31 December 2022

	Note	Group and Bank	
		As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and bank balances	(e)	438,476	424,712
Financial assets at FVTPL	(f)	100,000	100,000
Financial investments at FVOCI	(g)(i)	65,618	242,521
Financial investments at AC	(g)(ii)	116,829	68,044
Financing and advances	(h)	97,492	103,491
Balances due from clients and brokers		1,477	2,124
Other assets	(i)	2,474	3,246
Property, plant and equipment		13	18
Intangible assets		2	3
Deferred tax assets		115	-
TOTAL ASSETS		822,496	944,159
LIABILITIES			
Deposits from customers	(j)	472,902	555,137
Balances due to clients and brokers		4,606	7,493
Other liabilities	(k)	150,968	193,784
Deferred tax liabilities		-	308
Provision for taxation and zakat		3,024	3,472
TOTAL LIABILITIES		631,500	760,194
ISLAMIC BANKING CAPITAL FUNDS			
Islamic banking funds		120,000	120,000
Reserves		70,996	63,965
TOTAL ISLAMIC BANKING CAPITAL FUNDS		190,996	183,965
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		822,496	944,159
Commitments and contingencies	(r)	77,789	72,544

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations of Islamic Banking

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period/year ended 31 December 2022

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	(l) 7,262	7,529	26,727	29,229
Income derived from investment of shareholders' funds	(m) 1,922	2,072	6,616	6,725
Credit loss reversal/(expense)	15	83	(87)	181
Total attributable income	9,199	9,684	33,256	36,135
Profit distributed to depositors	(n) (4,571)	(4,540)	(17,704)	(18,262)
Net income	4,628	5,144	15,552	17,873
Finance cost	(142)	(138)	(438)	(864)
Personnel costs	(o) (208)	(192)	(805)	(768)
Other overhead expenses	(p) (746)	(602)	(3,013)	(3,065)
Profit before taxation and zakat	3,532	4,212	11,296	13,176
Taxation and zakat	(949)	(1,108)	(3,024)	(3,472)
Profit for the financial period/year	2,583	3,104	8,272	9,704
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on debt instruments at FVOCI	795	(1,363)	(1,630)	(5,435)
Income tax related to the above items	(190)	327	423	1,305
Total other comprehensive income/(loss) for the financial period/year, net of tax	605	(1,036)	(1,207)	(4,130)
Total comprehensive income for the financial period/year, net of tax	3,188	2,068	7,065	5,574

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations of Islamic Banking

(b) Unaudited Statement Of Profit Or Loss And Other Comprehensive Income
For the financial period/year ended 31 December 2022

For consolidation with the conventional banking operations, income from Islamic Banking Window operations as shown on the face of the consolidated statements of profit or loss and statements of profit or loss, comprised of the following items:

	Group and Bank			
	Individual Quarter		Cumulative Quarters	
	3 months	3 months	12 months	12 months
	ended	ended	ended	ended
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	7,262	7,529	26,727	29,229
Income derived from investment of shareholders' funds	1,922	2,072	6,616	6,725
Total income before impairment allowances and overhead expenses	9,184	9,601	33,343	35,954
Profit distributed to depositors	(4,571)	(4,540)	(17,704)	(18,262)
Finance cost	(142)	(138)	(438)	(864)
Income from Islamic Banking Window operations reported in the statement of profit or loss of the Group and of the Bank	4,471	4,923	15,201	16,828

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(c) Statement Of Changes In Islamic Banking Funds
For the financial year ended 31 December 2022

Group and Bank	Non- Distributable					Distributable	Total Equity RM'000
	Islamic Banking Fund RM'000	Fair Value Reserve RM'000	Regulatory Reserve RM'000	ESS Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
At 1 January 2022	120,000	906	2,314	13	5,248	55,484	183,965
Net profit for the financial year	-	-	-	-	-	8,272	8,272
Other comprehensive loss for the financial year	-	(1,207)	-	-	-	-	(1,207)
Share based payment under ESS	-	-	-	1	-	(35)	(34)
Transfer from regulatory reserve	-	-	(53)	-	-	53	-
Transfer to retained profits	-	-	-	(6)	-	6	-
At 31 December 2022	120,000	(301)	2,261	8	5,248	63,780	190,996
At 1 January 2021	120,000	5,036	2,442	19	5,248	45,649	178,394
Net profit for the financial year	-	-	-	-	-	9,704	9,704
Other comprehensive loss for the financial year	-	(4,130)	-	-	-	-	(4,130)
Share based payment under ESS	-	-	-	3	-	(6)	(3)
Transfer from regulatory reserve	-	-	(128)	-	-	128	-
Transfer to retained profits	-	-	-	(9)	-	9	-
At 31 December 2021	120,000	906	2,314	13	5,248	55,484	183,965

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(d) Unaudited Condensed Statements Of Cash Flows
For the financial period/year ended 31 December 2022

	Group and Bank	
	31 December	31 December
	2022	2021
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax expense and zakat	11,296	13,176
Adjustments for:		
Depreciation of property, plant and equipment	6	8
Amortisation of intangible assets	1	1
Credit loss expense/(reversal)	87	(181)
Net loss from sale of financial assets at FVTPL	-	1,014
Net gain from sale of financial investments other than those measured at FVTPL	-	(1,571)
Operating profit before working capital changes	<u>11,390</u>	<u>12,447</u>
Changes in operating assets:		
Financing and advances	6,040	10,560
Balances due from clients and brokers	647	(665)
Other assets	771	697
Changes in operating liabilities:		
Deposits from customers	(82,235)	(110,356)
Balances due to clients and brokers	(2,887)	3,084
Other liabilities	<u>(45,982)</u>	<u>76,918</u>
Cash used in operating activities	<u>(112,256)</u>	<u>(7,315)</u>
Taxation and zakat paid	(340)	(430)
Net cash used in from operating activities	<u>(112,596)</u>	<u>(7,745)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(2)
Net sale/(purchase) of securities	<u>126,360</u>	<u>(19,864)</u>
Net investing cash flow	<u>126,360</u>	<u>(19,866)</u>
Net change in cash and cash equivalents	13,764	(27,611)
Cash and cash equivalents at beginning of the financial year	<u>424,712</u>	<u>452,323</u>
Cash and cash equivalents at end of the financial year	<u>438,476</u>	<u>424,712</u>

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(e) Cash and bank balances		
Current account with Bank Negara Malaysia and banks	19,476	35,712
Money at call and deposit placements with:		
Licensed banks	149,000	30,000
Bank Negara Malaysia	-	359,000
Domestic non-bank financial institutions	270,000	-
	<u>438,476</u>	<u>424,712</u>
(f) Financial assets at FVTPL		
Unquoted Securities in Malaysia:		
Funds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
(g) Financial investments other than those measured at FVTPL		
(i) Financial investments at FVOCI		
At fair value		
(a) Money market instruments:		
Malaysian Government Investment Certificates	-	20,116
Negotiable Instruments of Deposits	-	149,844
(b) Debt instruments:		
Corporate Sukuk	65,618	72,561
Total financial investments at FVOCI	<u>65,618</u>	<u>242,521</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(g) Financial investment other than those measured at FVTPL (cont'd.)

Impairment losses on debt instruments measured at FVOCI

An analysis of changes in the ECLs is as follows:

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	-	-	-	-
Impact of net re-measurement of ECL	50	78	-	128
Transfer of stages	(50)	50	-	-
As at 31 December 2022	-	128	-	128

	2021			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January and 31 December 2021	-	-	-	-

(ii) **Financial investments at AC**
At cost

(a) Money market instruments:

Malaysian Government Investment Certificates 39,236 9,995

(b) Debt instruments:

Corporate Sukuk 77,593 58,049

Total financial investment at AC 116,829 68,044

Total financial investments other than those measured at FVTPL 182,447 310,565

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(g) Financial investment other than those measured at FVTPL (cont'd.)

Debt instruments measured at AC:

An analysis of changes in the ECLs is as follows:

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January and 31 December 2022	-	-	-	-
	2021			
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	56	-	-	56
Assets derecognised or repaid (excluding write-offs)	(4)	-	-	(4)
Impact of net re-measurement of ECL	(52)	-	-	(52)
As at 31 December 2021	-	-	-	-

Group and Bank	
As at	As at
31 December	31 December
2022	2021
RM'000	RM'000

(h) **Financing and advances**

At AC

Commodity Murabahah share margin financing		
- Shariah contract - others	13,311	13,471
Commodity Murabahah revolving credit		
- Shariah contract - others	57,913	70,105
Commodity Murabahah term financing		
- Shariah contract - others	26,323	20,011
Gross financing and advances	97,547	103,587
Less: Allowance for ECL	(55)	(96)
Net financing and advances	97,492	103,491

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at	As at
	31 December	31 December
	2022	2021
	RM'000	RM'000
(h) Financing and advances (cont'd.)		
(i) Gross financing and advances analysed by type of customer are as follows:		
Domestic business enterprise - others	42,548	54,058
Individuals	54,999	49,529
	<u>97,547</u>	<u>103,587</u>
(ii) Gross financing and advances analysed by geographical distribution are as follows:		
In Malaysia	<u>97,547</u>	<u>103,587</u>
(iii) Gross financing and advances analysed by profit rate sensitivity are as follows:		
Fixed rate	13,311	13,471
Variable rate - Cost plus	84,236	90,116
	<u>97,547</u>	<u>103,587</u>
(iv) Gross financing and advances analysed by economic purpose are as follows:		
Working capital	57,914	48,905
Purchase of securities	36,618	38,278
Others	3,015	16,404
	<u>97,547</u>	<u>103,587</u>
(v) Gross financing and advances analysed by residual contractual maturity are as follows:		
Within one year	73,737	65,236
More than one year	23,810	38,351
	<u>97,547</u>	<u>103,587</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(h) Financing and advances (cont'd.)

**(vi) Impairment allowance for financing
and advances are as follows:**

Group and Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	96	-	-	96
New assets originated or purchased	93	-	-	93
Assets derecognised or repaid (excluding write-offs)	(122)	-	-	(122)
Net remeasurement of allowance	(12)	-	-	(12)
As at 31 December 2022	55	-	-	55

Group and Bank

	2021			
	Stage 1	Stage 2	Stage 3	Total
Movements in ECL	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	219	-	-	219
New assets originated or purchased	47	-	-	47
Assets derecognised or repaid (excluding write-offs)	(185)	-	-	(185)
Net remeasurement of allowance	15	-	-	15
As at 31 December 2021	96	-	-	96

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(i) Other Assets		
Income receivables	2,433	3,238
Prepayment	6	6
Other receivables	89	55
Less: Allowance for ECL	(54)	(53)
	<u>2,474</u>	<u>3,246</u>

Group and Bank

	2022		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2022	15	38	53
New assets originated or purchased	11	-	11
Assets derecognised or repaid (excluding write-offs)	-	(12)	(12)
Transfer of stages	(25)	25	-
Net remeasurement of allowance	-	2	2
As at 31 December 2022	<u>1</u>	<u>53</u>	<u>54</u>

	2021		
	Non-Credit Impaired RM'000	Credit- Impaired RM'000	Total RM'000
Movements in ECL			
As at 1 January 2021	17	38	55
New assets originated or purchased	9	-	9
Transfer of stages	(11)	11	-
Assets derecognised or repaid (excluding write-offs)	-	(11)	(11)
As at 31 December 2021	<u>15</u>	<u>38</u>	<u>53</u>

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(j) Deposits from customers		
(i) By type of deposit		
Term deposits		
- Tawarruq (Commodity Murabahah deposits)	472,902	555,137
	<u>472,902</u>	<u>555,137</u>
(ii) By type of customers		
Domestic non-bank institutions	264,126	226,211
Government and other statutory bodies	100,000	141,918
Business enterprises	93,560	176,319
Individuals	670	583
Subsidiary companies	14,546	10,106
	<u>472,902</u>	<u>555,137</u>
(iii) By maturity		
Due within six months	372,902	450,137
Due more than six months	100,000	105,000
	<u>472,902</u>	<u>555,137</u>
(k) Other liabilities		
Mudarabah Specific Investment Account	12,237	12,630
Profit payable	2,123	2,277
Other payable	136,608	178,877
	<u>150,968</u>	<u>193,784</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank Individual Quarter		Group and Bank Cumulative Quarters	
	3 months ended 31 December 2022 RM'000	3 months ended 31 December 2021 RM'000	12 months ended 31 December 2022 RM'000	12 months ended 31 December 2021 RM'000
(l) Income derived from investment of depositors' funds				
Finance income and hibah				
Financing and advances	331	-	1,889	1,921
Deposits placements with financial institutions	2,874	1,727	8,966	6,864
Financial investment other than those measured at FVTPL	1,495	2,684	8,290	9,982
Accretion of discount	(82)	(106)	(349)	(496)
Others	2	-	4	2
	4,620	4,305	18,800	18,273
Other operating income/(loss)				
Net gain/(loss) on sale of financial assets at FVTPL	-	77	-	(1,014)
Net gain on sale of financial investments other than those measured at FVTPL	-	610	-	1,571
Fees on financing and advances	782	236	1,083	461
Brokerage fee	801	1,106	3,395	4,952
Profit income from financial assets at FVTPL	961	1,158	3,192	4,871
Advisory fee	122	46	340	218
Direct trading fees expense	(34)	(14)	(106)	(121)
Other non-operating income	10	5	23	18
	2,642	3,224	7,927	10,956
Total income derived from investment of depositors' funds	7,262	7,529	26,727	29,229
(m) Income derived from investment of shareholders' funds				
Finance income and hibah				
Financing and advances	1,282	1,525	4,535	4,432
Financial investments other than those measured at FVTPL	706	606	2,291	2,547
Accretion of discounts	(66)	(59)	(210)	(254)
	1,922	2,072	6,616	6,725

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	<u>Group and Bank Individual Quarter</u>		<u>Group and Bank Cumulative Quarters</u>	
	<u>3 months ended 31 December 2022 RM'000</u>	<u>3 months ended 31 December 2021 RM'000</u>	<u>12 months ended 31 December 2022 RM'000</u>	<u>12 months ended 31 December 2021 RM'000</u>
(n) Profit distributed to depositors				
Deposits from customers and financial institutions				
- Murabahah Fund	3,651	3,955	14,841	15,975
Others	920	585	2,863	2,287
	4,571	4,540	17,704	18,262
(o) Personnel costs				
Salaries, wages, allowances and bonus	159	153	637	617
EPF	25	24	100	96
Other staff related expenses	24	15	68	55
	208	192	805	768
(p) Other overhead expenses:				
Establishment costs				
- Depreciation	2	2	6	8
- Amortisation	-	1	1	1
- Office rental	15	14	58	58
- Others	4	3	16	13
	21	20	81	80
Marketing and travelling expenses				
- Advertisement and promotions	1	-	1	8
	1	-	1	8
Administration and general expenses				
- Fees and brokerage	117	130	543	824
- Support service charges	484	322	1,936	1,715
- Shariah committee expenses	49	45	185	155
- Others	74	85	267	283
	724	582	2,931	2,977
Total other overhead expenses	746	602	3,013	3,065

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

	Group and Bank	
	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(q) Capital adequacy		
CET 1 / Tier 1 Capital		
Islamic Banking funds	120,000	120,000
Retained profits	63,780	55,484
Other intangibles		
Other reserves	7,216	8,481
Less:		
Intangible assets	(2)	(3)
Deferred tax	(115)	-
55% of cumulative gains on financial investments at FVOCI	-	(499)
Regulatory reserves	(2,261)	(2,314)
Total CET 1 / Tier 1 capital	<u>188,618</u>	<u>181,149</u>
Tier 2 Capital		
General provisions	2,446	2,411
Total Tier 2 capital	<u>2,446</u>	<u>2,411</u>
Total capital	<u>191,064</u>	<u>183,560</u>
CET 1 capital ratio	71.578%	77.917%
Tier 1 capital ratio	71.578%	77.917%
Total capital ratio	<u>72.506%</u>	<u>78.954%</u>

The breakdown of risk-weighted assets (excluding any deferred tax assets) in the various categories of risk-weights are as follows:

	Group and Bank			
	As at 31 December 2022		As at 31 December 2021	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
Credit risk	756,603	234,543	883,247	202,433
Operational risk	-	28,971	-	30,058
Total Risk Weighted Assets	<u>756,603</u>	<u>263,514</u>	<u>883,247</u>	<u>232,491</u>

KENANGA INVESTMENT BANK BERHAD
197301002193 (15678-H)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A34. Operations Of Islamic Banking (cont'd.)

(r) Commitments and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

As at reporting date, the commitment and contingencies are as follows:

	Group and Bank	
	As at	As at
	31 December	31 December
	2022	2021
	RM'000	RM'000
Commitments to extend credit with maturity of less than 1 year:		
- share margin financing	9,439	9,269
Other commitments with an original maturity of less than 1 year:		
- corporate financing	68,350	52,000
Other commitments with an original maturity of more than 1 year:		
- corporate financing	-	11,275
	<u>77,789</u>	<u>72,544</u>

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B1. Performance Review

Group:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	179,455	226,083	723,086	891,491
Net income	143,075	198,219	610,275	784,520
Profit before tax	15,002	41,644	74,150	148,236
Profit after tax	14,067	32,308	55,354	118,815

The Group reported lower revenue and profit before tax ('PBT') of RM723.1 mil and RM74.2 mil respectively for FYE2022 as compared to previous year mainly due to lower brokerage fee income resulted from lower trading volume and trading and investment income as well as share of loss from joint ventures with partial mitigation from higher management fee income.

The Group reported revenue and profit before tax ('PBT') of RM179.5 mil and RM15.0 mil respectively for 4Q22. Lower revenue and PBT were recorded for 4Q22 as compared to comparative quarter in previous year mainly due to lower brokerage fee income, trading and investment income and management fee income.

Performance analysis of the Group's major operating segments are as follows:

Stockbroking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	68,645	90,587	278,451	492,975
Net income	63,514	87,752	263,832	480,591
Profit before tax	10,037	17,527	2,472	86,363

Lower revenue and PBT were recorded by stockbroking segment for FYE22 as compared to previous year mainly due to lower net brokerage generated as a consequence of the lower Bursa trading volume (FYE22: RM1,062 billion; FYE21: RM1,794 billion) and trading income.

For 4Q22, lower PBT was recorded compared to 4Q21 mainly due to the decrease in net brokerage and interest income but partially mitigated by RM8.9 million reversal of credit loss expenses.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review (cont'd.)

Performance analysis of the Group's major operating segments are as follows (cont'd.):

Investment Banking:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	56,052	45,978	189,551	179,823
Net income	22,106	20,167	77,480	76,003
Profit before tax	5,590	7,467	15,777	20,633

Investment Banking ("IB") registered a lower PBT of RM15.8 million for FYE22 as compared to RM20.6 million in the previous year due to lower net interest income and higher operating expenses and credit loss expenses.

This division has registered higher revenue for 4Q22 compared to 4Q21 mainly due to higher IB fee income.

Investment and Wealth Management:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	49,691	60,023	241,438	177,185
Net income	50,492	63,687	238,989	191,123
Profit before tax	5,888	14,250	54,191	34,898

Investment and Wealth Management registered marked improvement both in revenue and PBT for FYE22 as compared to FYE21, mainly due to higher contributions from alternative products.

On quarterly basis, this segment has achieved lower PBT for 4Q22 compared to 4Q21 mainly due to lower management fees income as well as provision of credit loss expenses made in 4Q22.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B1. Performance Review (cont'd.)

Listed derivatives:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	5,650	4,335	20,930	16,281
Net income	5,074	4,006	18,965	15,106
Profit/(Loss) before tax ("LBT")	890	(104)	2,079	(1,842)

Listed derivatives business has recorded higher revenue and income for FYE22 and 4Q22 compared to last year as a result of higher trading activities and higher interest income generated. With the improved performance in FYE22, this segment has turned around and recorded a PBT of RM2.1 million for the current year as compared to a loss of RM1.8 mil last year.

Money Lending and Financing:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	2,335	2,593	8,861	9,026
Net income	1,619	1,968	6,223	6,615
(Loss)/Profit before tax	(766)	724	149	1,638

Lower PBT was recorded by Money Lending and Financing segment for FYE22 compared to FYE21 mainly due to provision of credit loss expense of RM1.8mil for an impaired client in 4Q22.

This segment recorded lower revenue for 4Q22 as compared to 4Q21 mainly due to lower interest income.

Corporate and others:

	Individual period		Cumulative period	
	3 months ended	3 months ended	12 months ended	12 months ended
	31 December 2022 (4Q22)	31 December 2021 (4Q21)	31 December 2022 (FYE22)	31 December 2021 (FYE21)
(RM'000)				
Revenue	2,649	27,000	4,259	34,656
Net income	51,377	40,652	67,504	44,991
Profit before tax	42,264	19,362	56,849	24,432

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B1. Performance Review (cont'd.)

Corporate and others: (cont'd.)

PBT of RM56.9 million was recorded for FYE22 for this segment mainly attributable to dividend income of RM50 million and RM9 million received from subsidiaries in 4Q22 and 3Q22 respectively. In addition, a RM9.1 million gain on disposal of an associate company recorded in 3Q22, has also contributed to the higher PBT for FYE22.

B2. Explanatory comments on any material change in profit before taxation for current quarter as compared with the immediate preceding quarter

Group:

(RM'000)	Current quarter	Previous quarter
	3 months ended 31 December 2022 (4Q22)	3 months ended 30 September 2022 (3Q22)
Revenue	179,455	181,796
Net income	143,075	158,354
Profit before tax	15,002	17,363
Profit after tax	14,067	5,730

For 4Q22, the Group has recorded lower PBT compared to previous quarter ended 30 September 2022 mainly due to lower management fee income and interest income partially mitigated by higher trading and investment income and reversal of credit loss expenses.

B3. Prospects for 2023

As we move into 2023, we expect continued growth as the economy normalizes, with a projection GDP of 4.3%. We believe there is some upside given the lower political risk, resilient private spending and the positive impact of China's relaxation of its zero-COVID policy. In addition, a further pick-up in tourism activity will continue to support the recovery in the services sector as well as further improvement in the labour market condition.

From monetary policy perspectives, we expect BNM to keep the overnight policy rate (OPR) unchanged at 2.75% and a rate change will depend on the inflation trend and growth outlook.

Overall, we are cautiously positive of the outlook for Kenanga in 2023 and the Group is committed to driving collaboration, innovation, digitalisation and sustainability in the marketplace to ensure continued growth in profitability and market share.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SELECTED EXPLANATORY NOTES
REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B4. Variance From Profit Forecast And Profit Guarantee

This is not applicable as the Company did not issue any profit forecast or profit guarantee during the financial year.

B5. Taxation and zakat

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended 31 December 2022</u>	<u>3 months ended 31 December 2021</u>	<u>12 months ended 31 December 2022</u>	<u>12 months ended 31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income tax and zakat	(1,604)	(23,471)	(11,037)	(42,161)
Deferred taxation	669	14,135	(7,759)	12,740
Total	(935)	(9,336)	(18,796)	(29,421)

The effective tax rate of the Group for the financial year ended 31 December 2022 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.

The effective tax rate of the Group for the financial year ended 31 December 2021 was lower than the statutory tax rate principally due to exclusion of certain income from the tax computation.

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>3 months ended 31 December 2022</u>	<u>3 months ended 31 December 2021</u>	<u>12 months ended 31 December 2022</u>	<u>12 months ended 31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income tax and zakat	(91)	(8,299)	1,235	(27,581)
Deferred taxation	(1,331)	2,135	(4,606)	1,976
Total	(1,422)	(6,164)	(3,371)	(25,605)

The effective tax rate of the bank for the both financial year ended 31 December 2022 and 2021 was lower than the statutory tax rate principally due to exclusion of of certain income from the tax computation.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SELECTED EXPLANATORY NOTES
REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B6. Borrowings

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Secured				
Revolving bank loan*				
- Within one year	8,000	-	8,000	-
- More than one year	-	19,200	-	19,200
	<u>8,000</u>	<u>19,200</u>	<u>8,000</u>	<u>19,200</u>
Unsecured				
Revolving bank loans*				
- Within one year	17,500	40,000	-	-
Subordinated notes*				
- More than one year	180,500	185,500	180,500	185,500
	<u>198,000</u>	<u>225,500</u>	<u>180,500</u>	<u>185,500</u>
	<u>206,000</u>	<u>244,700</u>	<u>188,500</u>	<u>204,700</u>

* All borrowings are denominated in RM

B7. Dividend

The Company had, after obtaining Bank Negara Malaysia's approval, made an announcement to Bursa Malaysia Securities Berhad on 25 February 2022 in respect of the declaration of a total Single Tier Interim Dividend of 10.50 sen per share in respect of the financial year ended 31 December 2021 comprising Ordinary Interim Dividend of 4.00 sen per share and Special Interim Dividend of 6.50 sen per share. This Single Tier Interim Dividend which amounted to RM77,060,192 based on the issued and paid-up capital of 733,906,299 ordinary shares was paid on 15 April 2022.

Subsequent to the financial year end, on 24 February 2023, the Directors have declared a single tier interim dividend of 6.00 sen per share in respect of the financial year ended 31 December 2022 which amounted to total dividends payable of approximately RM44,145,756. This is computed based on issued and paid-up capital as at 31 December 2022 of 735,762,599 ordinary shares. The actual amount of dividends to be paid will depend on the number of shares in issue at the date of entitlement.

The financial statements for the current financial year do not reflect this interim dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SELECTED EXPLANATORY NOTES
REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B8. Earnings per share

	Individual Quarter		Cumulative Quarters	
	31 December ended 31 December 2022 RM'000	3 months ended 31 December 2021 RM'000	12 months ended 31 December 2022 RM'000	12 months ended 31 December 2021 RM'000
Profit for the period/year attributable to equity holders of the Bank	13,855	32,217	54,511	118,390
Weighted average number of ordinary shares in issue ('000)	723,229	728,421	726,672	726,885
Effects of dilution	-	-	4,406	15,723
Adjusted weighted average number of ordinary shares in issue ('000)	723,229	728,421	731,078	742,608
Earnings per share (sen)				
- basic	1.92	4.42	7.50	16.29
- fully diluted	1.92	4.42	7.46	15.94

There were no potential dilutive ordinary shares outstanding as at 31 December 2022.

B9. Changes in Material Litigation

The status of material litigations is disclosed in note B12.

B10. Status of corporate proposal

There were no corporate proposals announced but not completed as at 31 December 2022.

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B11. Derivative financial instruments

Derivative financial instruments are as follows:

Group and Bank

Items	As at 31 December 2022		As at 31 December 2021	
	Contract/ Notional Value RM'000	Fair Value RM'000	Contract/ Notional Value RM'000	Fair Value RM'000
<u>Derivative financial assets</u>				
Equity related contract- options	29,338	29,449	29,492	29,515
Equity related contract- swaps	64,187	3,295	24,123	408
Equity related contract- forwards	57,354	52,463	57,354	51,527
Dual currency investment- options	2,126	10	1,361	3
	153,005	85,217	112,330	81,453
Index futures	-	-	-	-
Equity options	28,585	29,444	27,685	29,480
Equity swaps	64,187	3,295	24,123	408
Auto call equity linked investment options	-	-	-	-
Dual currency investment options	2,126	10	1,361	3
Equity link investment options	753	5	1,807	35
Synthetic protected forward				
Structure rebate forward	57,354	52,463	57,354	51,527
<u>Derivative financial liabilities</u>				
Equity related contract- options	159,722	15,688	180,364	23,534
Equity related contract- swaps	11,438	798	55,251	5,223
Dual currency investment- options	2,126	10	1,361	3
	173,286	16,496	236,976	28,760

Changes in the risk, cash requirement, policies in place and accounting policies reported in prior financial years

There have been no changes since the end of the previous financial year ended 31 December 2021 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B11. Derivative financial instruments (Cont'd.)

Types of derivative financial instruments

Options are contractual agreements or embedded in other financial instruments under which seller/issuer grants the purchaser the right, but not the obligation, either to buy a call option or sell a put option at or by a pre-defined date during a pre-defined period, a specific amount of an underlying assets at a pre-determined price.

The Seller may receive a premium from the purchaser in consideration of risk. Options may be either exchange-traded, negotiated between the purchaser and the seller at the over-the-counter market or embedded components in other financial instruments.

A swap is an agreement between two parties to exchange a series of future cash flows. Each cash flow comprises one leg of the swap. One cash flow is generally fixed, while the other is variable and based on a benchmark interest rate, floating currency exchange rate or index price.

A swap contract is essentially a derivative contract in which the value of the contract derived from the assets it represents. These assets are called the underlying assets and their value typically changes, resulting in a change of the value of the derivative itself. Most swaps contracts are traded over-the-counter that are customized to the needs of both parties.

Purposes of engaging in derivative financial instruments

There have been no changes since the end of the previous financial year in respect of the type of derivative financial instruments, the rationale and expected benefits accruing to the Group from these derivative financial instruments.

Loss arising from fair value changes of derivative financial instruments

The unrealised loss arising from fair value changes of derivative financial instruments for the current quarter amounted to RM3,109,434 (3Q22 loss: RM10,784,895). This was arrived at based on the fluctuations in the market prices of the derivative financial instruments or underlying assets which are listed on Bursa Malaysia.

KENANGA INVESTMENT BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

REQUIREMENTS OF PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B12. Contingent liabilities

Group and Bank	
31 December	31 December
2022	2021
RM'000	RM'000

On 27 November 2019, the Bank was served with a sealed Writ of Summons and Statement of Claim filed by Lai Sing Foo ("the Plaintiff"). The Plaintiff is alleging that, inter alia, the second (2nd) Defendant (who is a Dealer's Representative ("DR") of KIBB has arranged for the Plaintiff to purchase shares of a public listed company with a promise to buy back at a higher price from the third (3rd) Defendant (a third party). The Plaintiff alleges that the 3rd Defendant has failed to buy back the said shares which caused the Plaintiff to suffer losses and claims, inter alia, the difference between the sale proceeds of the said shares and RM3.6 million. The Plaintiff's claims against KIBB are on the basis that, inter alia, the 2nd Defendant is a DR with KIBB. In this regard, KIBB will contest the Plaintiff's claim in the Court. The Plaintiff, KIBB and the 3rd Defendant presented their evidence during the trial from 11 to 13 August 2021. On 3 November 2021, the High Court dismissed the Plaintiff's claim against KIBB and the 3rd Defendant with costs of RM25,000.00 to be paid to each. The Plaintiff's claim against the 2nd Defendant was allowed with costs of RM25,000.00 to be paid to the Plaintiff. On 25 November 2021, the Plaintiff filed a Notice of Appeal in the Court of Appeal against the High Court's decision. The matter was fixed for case management in the Court of Appeal on 16 March 2022 and the date of case management was revised to 27 March 2023.

<u>3,600</u>	<u>3,600</u>
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Based on legal advices obtained, the Board of Directors is of the opinion that the Bank has good grounds to defend these claims and that no provisions are necessary as at reporting date.